

NSC BRIEFING

31 December 1956

ISRAEL FACES POLICY DECISION

- I. With the Anglo-French evacuation of Suez complete and salvage work on the canal started, Israel and its Arab neighbors find themselves once again face to face, snarling over unsettled issues.
- II. The immediate point of contention is Israeli occupation of Egyptian territory in the Sinai peninsula.
  - A. The Israelis want to gain two things from this occupation:
    1. A "buffer zone," demilitarized and perhaps patrolled by UN troops, between the present Israeli frontier and any military positions the Egyptians may again take up in Sinai.
    2. A guarantee that Egypt will not again be able to bar the Gulf of Aqaba, as well as the Suez Canal, to Israeli shipping.
  - B. These are the specific, immediate political objectives which Israel still hopes to gain from its military victory in Sinai. The problem is that the Israeli victory itself failed to obtain them--how can they be reached now?
- III. One means is direct Israeli action. As the Israeli forces have slowly pulled back in Sinai, they have done their best to create a buffer zone by means of systematic destruction of Egyptian installations and communications in the peninsula.

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A. As a further possible action, the Israelis may simply "sit down" at El Arish, the last town west of the Israeli border, and defy the UN to move them out until their demands have been met.

B. A similar Israeli position could be taken, though less easily, at the mouth of the Gulf of Aqaba and on the islands which dominate the gulf's entrance.

1. The Israelis have stationed a frigate at Eilat, their port at the head of the gulf, and announced they will build a "naval base" there. This certainly invites Arab counteraction.

IV. As a further means to these same ends, the Israelis have begun a propaganda campaign (supported by Britain and France) to convince the US and the UN that Tel Aviv's objectives are reasonable.

A. The Israelis' best point in this campaign is Cairo's refusal to abandon its clandestine terrorist operations inside Israel.

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V. Meanwhile, the continuation of Jordan-based terrorist activity may lead Israel to resume its tactics of retaliatory raiding.

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VI. Beyond the Sinai peninsula lies the Gaza Strip--and the next problem. Will Israel choose to evacuate the Strip (as the Arabs insist and as the UN resolutions implicitly demand)? Or will they try to keep this territory and incorporate it into Israel?

A. Ben Gurion has flatly stated Egypt will not be permitted to return to Gaza (which the Egyptians have never claimed as their territory, although they have administered it for seven years).

B. Ben Gurion has not, however, said Israel would keep Gaza for itself, and Israel diplomats have said the question is undecided.

1. The idea of a UN administration has been mooted, but this meets little favor in Israel.

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- C. In fact, press discussion indicates that Israeli thinking is divided on the subject, although Israeli opinion leans toward annexation--if Israel can avoid responsibility for support of the strip's 200,000 Arab refugees (who hitherto have been UN charges).
- D. At present, the Gaza strip is being administered as a part of Israel--even the citrus fruit produced in Gaza groves will go this year to swell Israel's exports.
- E. Israel may well decide that the present situation is the most satisfactory to be had and that it is up to others to propose changes.

VII. Thus, Israel is now fighting what Ben Gurion calls a "political battle" to prevent simple return to the status quo ante bellum, despite nominal Israeli acceptance of the UN directive to withdraw to the old armistice lines. Loss of this "battle" would be the most serious blow Israel has suffered since it became a state.

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